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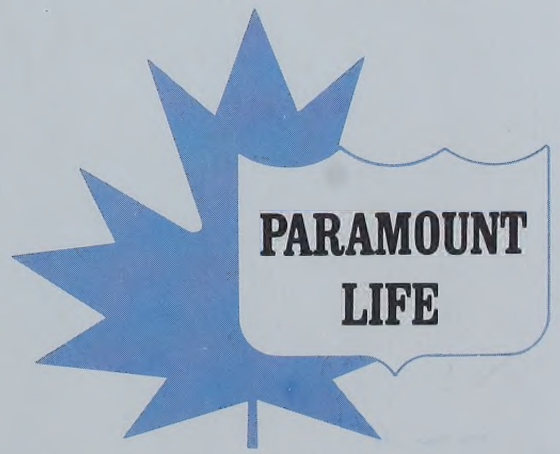
1973

ANNUAL REPORT

Life

PARAMOUNT
LIFE
INSURANCE
COMPANY
Calgary, Alberta

403-249-9146


PARAMOUNT
LIFE

BOARD OF DIRECTORS:

Robert L. Dolan, Chairman
Helen Jager
Karl H. Bodon
Orson T. Bingham
Gilbert Turcotte
Louis H. Schwalm
Merilyn N. Dodds
M. Jean Powell
Kees Bais

EXECUTIVE OFFICERS:

Robert L. Dolan, Chairman of the Board
Karl H. Bodon, President
Jack Hempseed, Vice-President
Paul W. Haycock, Secretary-Treasurer

MEDICAL DIRECTOR:

Dr. Clark T. Leavitt

AUDITORS:

Peat, Marwick, Mitchell & Co.

ACTUARIES:

Kates, Peat, Marwick & Co.

CHIEF AGENT & SOLICITOR:

R. L. Fenerty

STOCK TRANSFER AGENT:

Guaranty Trust Co. of Canada

BANKING:

Canadian Imperial Bank of Commerce

REGIONAL OFFICES:

Lethbridge -
740 - 4th Avenue South
Edmonton
#3 - 10592 - 109th Street
Vermilion
Box 843
Calgary
#108A Dalbrent Centre
3604 - 52nd Avenue N.W.

HEAD OFFICE:

1002 - 37th Street S.W.
Calgary, Alberta

FOR MANAGEMENT

ofit from operations: $44,514, or approximately 36¢ per share.

throughout the year and ended significantly lower than the previous
n increase in capital and surplus.

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27.8%.

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the fact that our Company is now fully owned by Canadians and we feel
e grow and expand in the coming years. The results of the first
oven that the Board of Directors, your Management, and you, the Share-
ndependence.

the previous reinsurance agreement between the American Western Life
tah, and Paramount Life Insurance Company was cancelled as of January
ecrease of life insurance in force of $14,323,900. Simultaneously, more than 7
ceded to American Western Life was recaptured. Nevertheless, direct
nd the year-end figure of over 80 million dollars now represents, in
by our own agency force. With sales for the first two months of 1974
ne period in 1973, I am convinced that you will see a sharp increase
ning year.

THE PRESIDENT'S REPORT



KARL H. BODON
President

Buh - dohn

- Paramount produced its first significant profit from operations: $44,514, or approximately 36¢ per share.
- Although the stock market gyrated wildly throughout the year and ended significantly lower than the previous year, Paramount Life was able to show an increase in capital and surplus.
- The persistency of the business, the new sales, and the continuing improvement of the return on the Company's investable assets, caused total assets to increase from $3,692,240 to $4,385,376, up 18.8%.
- Despite the poor performance of the securities market, and the actual decrease in the unit value of the Paramount Equity Fund, public confidence and expectations were maintained to such an extent that its total net asset value jumped from $978,170 to $1,250,311, up 27.8%.
- As more and more Albertans look to Paramount Life for their insurance protection, claim payments become very significant for an increasing number of Alberta families. Although projections vary between years, they are usually accurate and conservative in the long run. 1973 was one year in which the actual experience exceeded actuarial projections by $40,000. Over 80% of such claims resulted from accidents.
- Despite strong inflationary pressures we were able to achieve yet a further decrease in general expenses.
- The general public responded favorably to the fact that our Company is now fully owned by Canadians and we feel that this will be of further benefit as we grow and expand in the coming years. The results of the first full year of autonomous operation has proven that the Board of Directors, your Management, and you, the Shareholders, were correct in striving toward independence.
- As part of the newly attained autonomy, the previous reinsurance agreement between the American Western Life Insurance Company of Salt Lake City, Utah, and Paramount Life Insurance Company was cancelled as of January 1, 1973. This resulted in an immediate decrease of life insurance in force of $14,323,900. Simultaneously, more than 7 million dollars of life insurance previously ceded to American Western Life was recaptured. Nevertheless, direct written life insurance increased by 9% and the year-end figure of over 80 million dollars now represents, in its entirety, insurance business produced by our own agency force. With sales for the first two months of 1974 substantially higher than those of the same period in 1973, I am convinced that you will see a sharp increase of life insurance and annuities in the coming year.

- Paramount Life continues to impress those who follow the growth of small young companies with the quality of the insurance protection in force. Again, as in previous years, the persistency of our policies remained at over 90%. This is a reflection of the service provided by a fine agency force and a dedicated home office staff.

- The life insurance industry is highly regulated by governmental agencies and much depends upon their willingness to dig into existing legislation to improve and strengthen the industry through their actions. In 1973 an amendment to the Alberta Insurance Act (Bill 87) received Royal Assent and its impact for an improved image of the insurance industry in Alberta will certainly be felt in the near future. Therefore, a tip of the hat to the Minister, the Superintendent and the Honorable Members of the Alberta Legislature.

- **I am proud to announce to you the appointment of Jack Hempseed as the new Vice-President of Marketing and Director of Agencies. Mr. Hempseed, a Scotsman by birth, has made Canada his permanent place of residence since 1957 and has been involved in sales and senior management capacities in the life insurance industry since that time. Through Jack's endeavors, new products have been introduced and with it the outlook for increased sales looks even brighter. As an expert in retirement savings plans, the Company has been able to take greater advantage of the government's program. We welcome Jack and wish him continued success!**

Having strengthened our position during the past year, I anticipate that 1974 will reach new heights. Alberta's economy is strong and will get stronger, the population should continue to increase above the average for Canada, and Paramount Life will strive to participate in the overall growth to the fullest extent.

Our agency training will be accelerated and the recruiting intensified; likewise, the home office personnel are receiving further professional instruction through the Life Office Management Association (LOMA). This, together with the fine attitudes displayed by the entire team, adds to the optimistic outlook for the future which I have and my pride in being a part of your Company.

Karl Bodon



Home Office Supervisors:
RUTH GLENN, VIVIAN STUART, GLENDA SLUGGETT, SANDRA WELSH

A MESSAGE FROM THE CHIEF AGENCY OFFICER



JACK HEMPSEED
Vice President
and Director of Agencies

1973 proved to be a year where sales reflected the changes taking place in the Company. Although actual sales were down slightly from 1972, the quality of the business was maintained and some stability within the sales force was achieved. Our leading agent, who will have the honor of holding the title "Mr. Paramount – 1973", was Jack Smith of the Home office Agency and our top agency was Epsilon Agencies of Lethbridge, with Wayne Pierson the Manager. We are proud of all our agents who are helping to build a sound, progressive life insurance company here in Alberta.

On September, 1973, the writer took over responsibility, both for directing the sales force and developing a modern marketing plan. In line with this, two new policies were added to our sales portfolio. Our Retirement Savings Annuity is an excellent vehicle for long term savings with a guaranteed rate of return, plus an attractive dividend scale. A group Life Policy is now also available, and along with an agressive pricing approach, our ability to offer local Home Office service will be of great value to all segments of Alberta's commerce and industry.



MARVIN D. KENLY
Director of Policyholder Service

The knowledge and skills of our field force are being upgraded through in-Company training as well as industry faciliities. Under the guidance of Mr. M. D. Kenly, our Policyholder Service Department will continue to offer the best service to all our policyholders.

It is with this background that I am able to pass on to you our corporate goal for 1974 to increase sales by 35%! The life blood of any life insurance company is new business. This goal will be achieved, whilst at the same time, costs will be carefully watched to assure future profits for the Company. These profits are of great importance, not only to our shareholders, but to our policyholders also.

Jack Hempseed

Balance Sheet

Paramount Life Insurance Company December 31, 1973 *(with comparative figures for 1972)*

Assets	1973	1972
Short term notes receivable	$ 80,000	$ 250,000
Bonds and debentures at amoritized cost (Note 2) (market value $2,420,000; 1972 - $1,674,845)	2,522,275	1,695,617
Common shares (market value $206,000; 1972 - $454,335)	263,006	480,068
Preferred shares (market value $19,000; 1972 – $50,760)	20,084	51,508
First mortgage loans on real estate	57,218	33,814
Policy loans	54,408	23,900
Agents' notes receivable	9,511	18,792
	3,006,502	2,553,699
Cash	47,887	71,842
Due from Paramount Equity Fund	7,556	—
Due from Reinsurance Companies - net	—	16,521
Premiums due	7,149	8,495
Accrued investment income	58,415	35,403
	121,007	132,261
Paramount Equity Fund	1,257,867	1,006,280
	$4,385,376	$3,692,240

Approved on behalf of the Board:

Robert L. Dolan, Director

Karl Bodor, Director

Liabilities	1973	1972
Actuarial reserves	$1,716,067	$1,316,847
Premiums received but not yet allocated	26,471	18,025
Premiums received in advance	28,295	43,191
Claims payable	20,100	15,200
Accounts payable and accrued liabilities	31,138	160,765
Due to Paramount Equity Fund	—	9,988
Insurance taxes payable	21,665	21,726
Accrued policyholders' benefits	487,754	348,713
	2,331,490	1,934,455
Allowance for decline in market value of investments	85,546	45,849
Paramount Equity Fund	1,257,867	1,006,280
	1,343,413	1,052,129
Shareholders' equity:		
Capital stock (Note 4): Authorized - 300,000 shares of a par value of $10 each		
Issued - 124,279 shares	1,242,790	1,242,790
Contributed surplus	686,122	686,122
	1,928,912	1,928,912
Deficit (Note 1)	1,218,439	1,223,256
	710,473	705,656
	$4,385,376	$3,692,240

See accompanying notes.

Auditors' Report to the Shareholders

We have examined the balance sheet of Paramount Life Insurance Company as at December 31, 1973 and the statements of operations, contributed surplus and deficit for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting and actuarial records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Company as at December 31, 1973 and the results of its operations for the year then ended in accordance with insurance accounting principles prescribed or permitted under statutory authority applied on a basis consistent with that of the preceding year. As explained in note 1 to the financial statements, these principles vary in some respects from generally accepted accounting principles.

Calgary, Alberta
February 8, 1974

Peat, Marwick, Mitchell & Co.
Chartered Accountants

Statement of Operations Year Ended December 31, 1973

(with comparative figures for 1972)

	1973	1972
Income:		
Premium income net of reinsurance	$2,500,608	$2,405,813
Income from investments less expenses of $25,190 (1972 - $29,065)	176,146	136,126
Administration fee from Paramount Equity Fund	21,704	15,769
Other	211	1,108
	2,698,669	2,558,816
Deduct:		
Increase in actuarial reserve	399,220	366,680
	2,299,449	2,192,136
Expenses:		
Claims and surrender values paid	105,463	64,921
Commissions	277,374	398,170
Salaries and employee benefits	112,157	123,299
Directors' fees and expenses	4,476	4,058
Professional fees:		
Legal	5,982	9,417
Audit and accounting	16,984	7,731
Actuarial	18,302	27,596
General and administrative	135,331	115,919
Agency training and promotion	23,807	268
Notes receivable written off	(14)	36,008
Taxes, licenses and fees	22,879	23,719
Interest on deposits by policyholders	11,680	8,156
Endowments to policyholders	998,088	886,919
Dividends to policyholders	366,428	359,834
Variable annuity payments	135,147	110,935
	2,234,084	2,176,950
Profit before the following	65,365	15,186
Loss on sale of investments - net	20,851	14,468
Net profit	$ 44,514	$ 718
Net profit per share	$.358	$.006

Statements of Contributed Surplus and Deficit Year Ended December 31, 1973

(with comparative figures for 1972)

	1973	1972
Contributed surplus:		
Balance, at end of year	$ 686,122	$ 686,122
Deficit:		
Deficit, at beginning of year	$1,223,256	$ 894,295
Deduct:		
Net profit	44,514	718
	1,178,742	893,577
Add:		
Allowance for decline (increase) in market value of securities	39,697	(23,621)
Loss on sale of shares of American Western Life Insurance Company	—	292,025
Surplus debenture	—	61,275
	39,697	329,679
Deficit, at end of year	$1,218,439	$1,223,256

Notes to the Financial Statements December 31, 1973

1. The financial statements have been prepared in conformity with insurance accounting principles prescribed or permitted under statutory authority. These principles differ in some respects from generally accepted accounting principles followed by other business enterprises in determining financial position and results of operations. Such differences include (a) charging new policy acquisition costs against earnings in the year incurred rather than amortizing them against the related premium income over the expected policy life, (b) excluding non-admitted assets from financial statements and (c) the providing of an allowance to reduce the carrying value of investments in accordance with the requirements of Section 102(3) of The Alberta Insurance Act. The aggregate effect of such differences on the statutory financial statements is not reasonably determinable. Certain amounts for 1972 have been reclassified for comparative purposes.

2. Includes bonds and debentures at an amortized cost of $549,976 on deposit with the Government of the Province of Alberta.

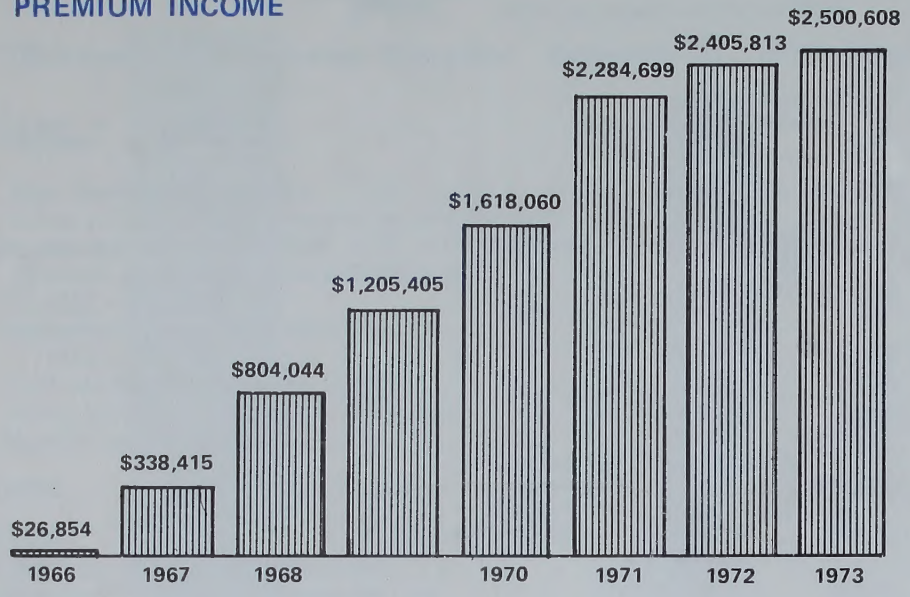
3. The Superintendent of Insurance of the Province of Alberta has written to various insurance companies throughout the Province stating that in the opinion of the Department the tax paid under the Insurance Corporation Tax Act of the Province of Alberta has not been properly calculated.

 The Company's counsel has reviewed the position taken by the Department and has expressed to the Company the opinion that upon the proper interpretation of the statute the Company is not liable for these additional taxes. No demand for payment has been made by the Department and negotiations are being carried on between the Department and various insurance companies within the Province. It is the opinion of the Company's counsel that should the Department succeed in its claim, the amount of such tax might be in aggregate $26,000 for the six contested years ended December 31, 1973. No amount has been set up in the accompanying financial statements in respect to this matter.

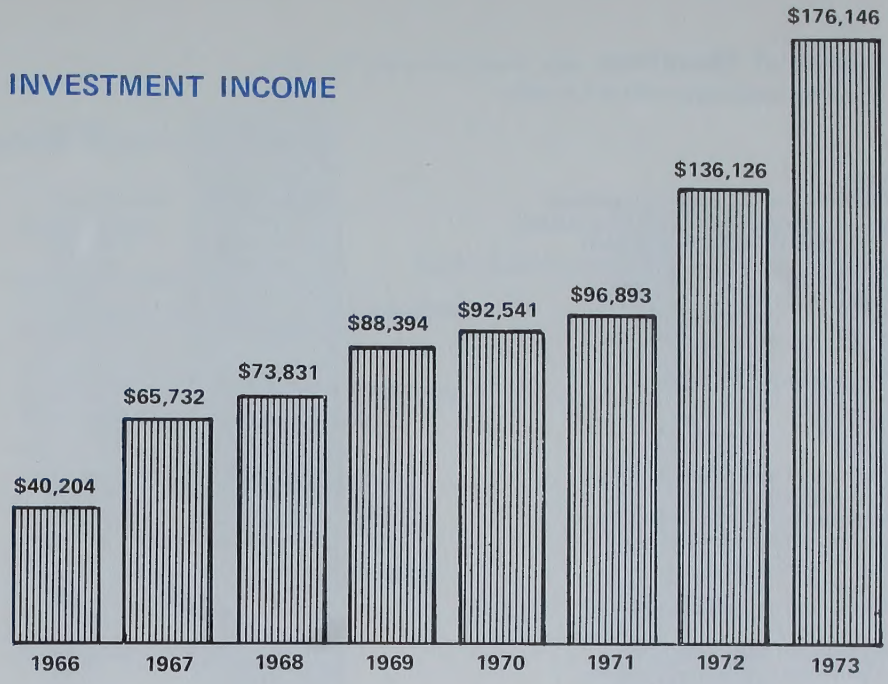
4. Under the terms of the agents' contracts, stock options may be earned by each agent. The number of shares available is based on the policies sold and still in force three years after sale, with the option price being the market value of the shares at December 31st, of the year of sale.

PARAMOUNT LIFE

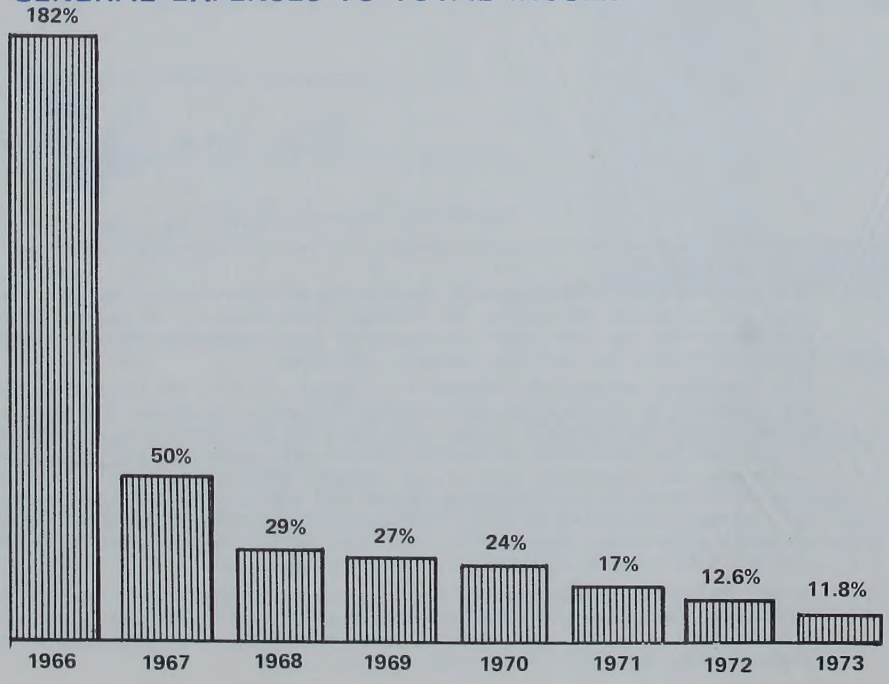
PREMIUM INCOME



INVESTMENT INCOME

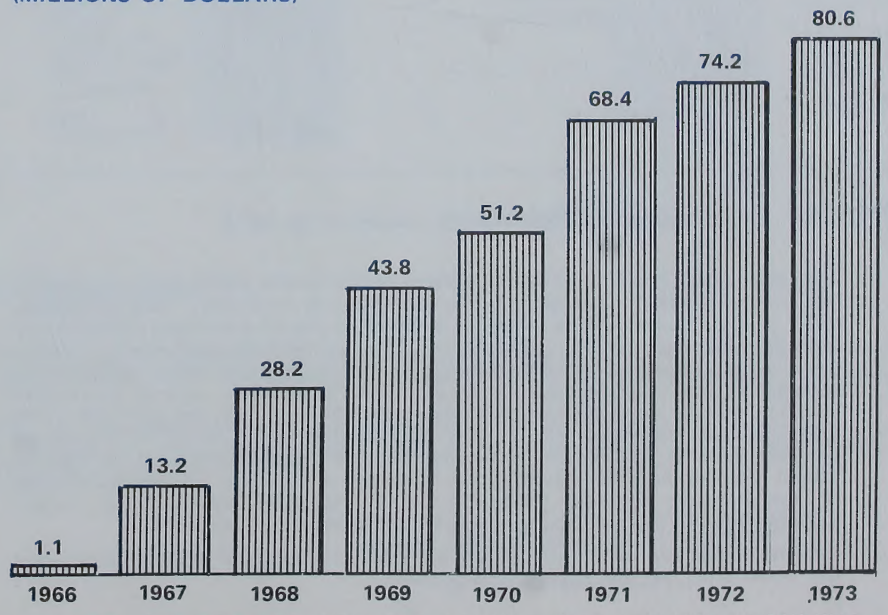


GENERAL EXPENSES TO TOTAL INCOME



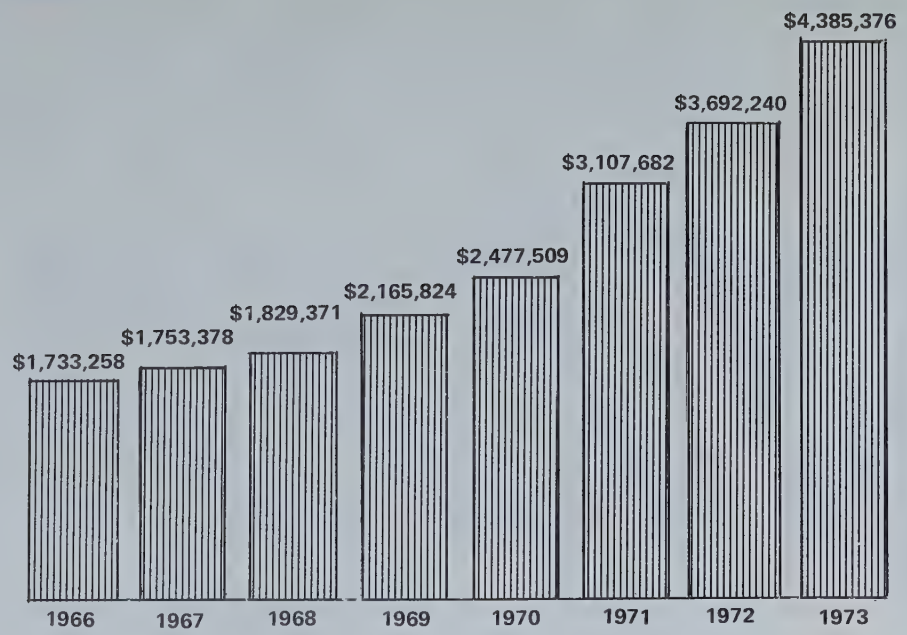
DIRECT WRITTEN INSURANCE IN FORCE

(MILLIONS OF DOLLARS)

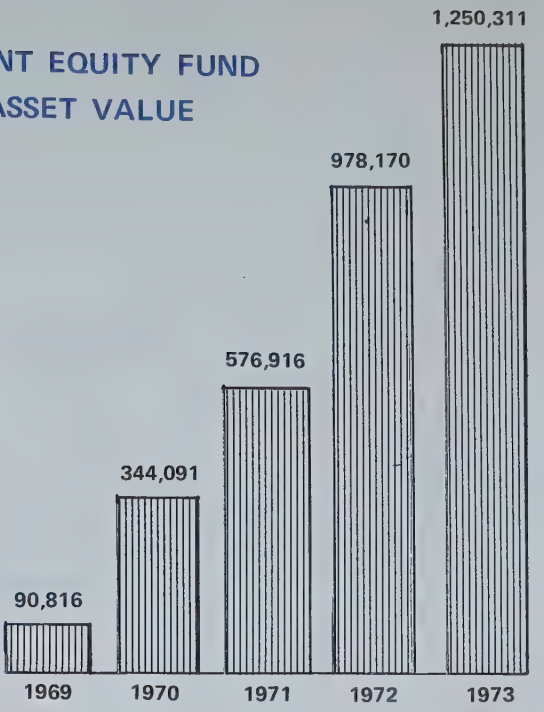


* PREVIOUS REPORTS INCLUDED REINSURANCE ASSUMED WHICH WAS DISCONTINUED JANUARY 1, 1973.

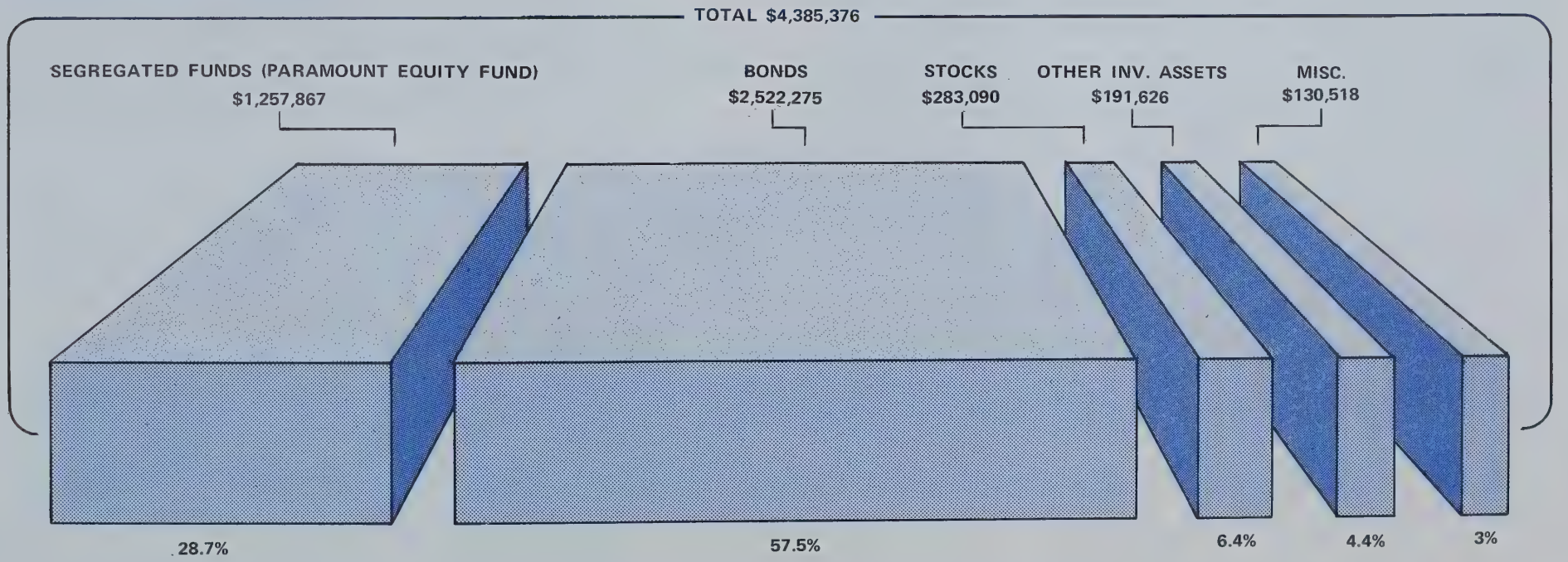
ASSETS



PARAMOUNT EQUITY FUND NET ASSET VALUE



DISTRIBUTION OF ASSETS



R.S.A.

These three letters have very quickly become a household term for Paramount's agents. R. S.A. stands for **"Retirement Savings Annuity"**, a new policy which will guarantee retirement income to the policyholder and defer personal income taxes, having been approved by the government for that purpose.

The R.S.A. is a participating contract and is an ideal medium for long and medium term savings where the need is for a guaranteed return. As such, it compliments our present major product, "FLEXIVEST", with which the return is linked to our Equity Fund. Through investments in bonds and mortgages, we are able to project an attractive return along with a guaranteed annuity rate which completes the plan by providing a pension at retirement. Our increased involvement in mortgages generated by this product will be of great importance in assisting Albertans to obtain loans from Paramount Life, a financial institution which is located, owned and operated right here in Alberta.



Northern Alberta Area
Front Row: FRED BORGER, RICHARD GROSS, WALLY KERNTOPF
Back Row: WALTER SEEHAGEL, CHARLIE FOUNTAIN



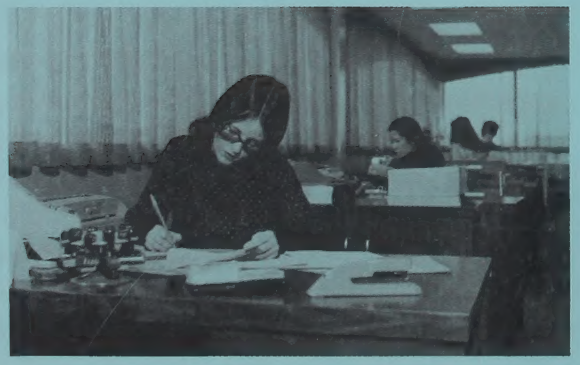
Calgary Area
L. to R.: KEN MAERZ, ANNE DUERKSEN,
KEITH SCOVILLE, ROB SMITH, JACK SMITH



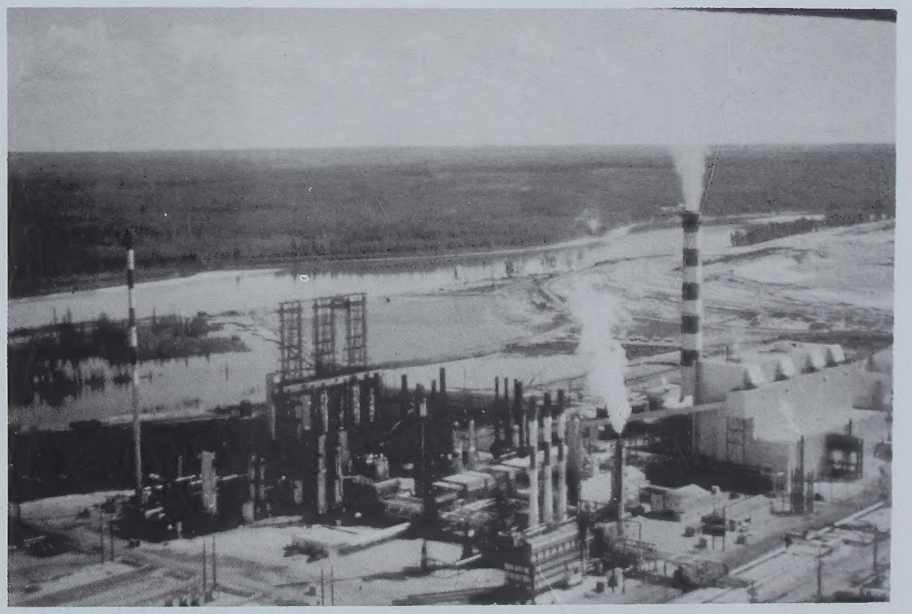
Vermilion-Lloydminster Area
L. to R.: FRED STROUD, BARRY McAFEE, WALTER DAVIDSON
MORLEY MARSHALL, HOWARD STURGE, WILF STROUD
Seated: LYNDA CLANDFIELD



Southern Alberta Area WAYNE D. PIERSON
LARRY D. LEAVITT



HOME OFFICE



ALBERTA'S ATHABASCA TAR SANDS

R.S.A.

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L. to R.: KEN MA
KEITH SCOVILLE, R



ALBERTA – A VERY HEALTHY ECONOMIC ENVIRONMENT

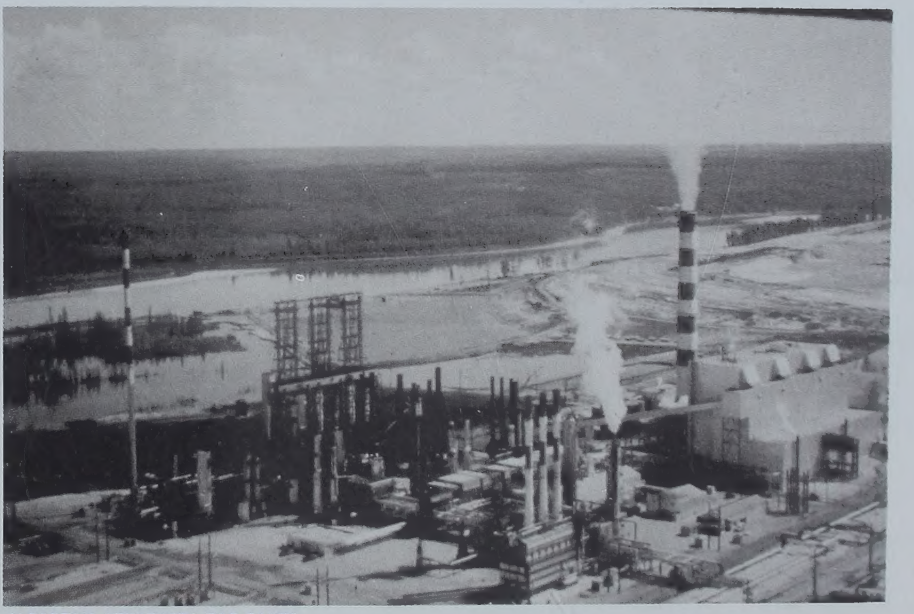
If you had to pick the geographic area with the greatest potential for all around economic growth potential in North America, you would most likely pick Alberta. Not only is it richly blessed with natural resources which are becoming increasingly scarce around the world, but also because of the political environment which supports the free enterprise system and encourages industrial growth through public and private initiatives.

It is not surprising, therefore, that population is increasing above the average rate in Canada, brand new towns are being developed, skilled labor is being attracted to our Province and unemployment is kept among the lowest in North America. New capital investment increased by 50% last year and is expected to

exceed that increase in the coming year. Beginning with the huge tar sands developments in the North, the petro-chemical, carbon black, methanol, timber and pipeline plants throughout the province, to the new fertilizer plants in the South, Alberta indeed looks at record levels of economic activity this year and for years to come.

As if this was not enough, Calgary and Edmonton will develop some of the largest city recreational parks in North America, you consider the fact that there is no Provincial sales tax, then you must come to the conclusion that many people will yet choose this Province for their permanent residence.

All of this adds up to Paramount's exciting market place. We feel a strong responsibility toward Albertans since we are the largest provincial life insurance company. The men and women on these pages are equipped and anxious to assist the people of Alberta with their financial and insurance needs. As your Company cintinues to grow, it will play a significant part in the development of this choice Province — Alberta!



ALBERTA'S ATHABASCA TAR SANDS


PARAMOUNT
LIFE